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City and County of San Francisco

OFFICE OF THE CONTROLLER

CONCESSION AUDIT REPORT:

Cathay Pacific Airways Limited

December 1, 1998 Through June 30, 2000

DOCUMENTS DEPT.

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Audit Number 00015

October 16, 2000

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
AUDITS DIVISION

Edward Harrington
Controller

Matthew H. Hymel
Chief Assistant Controller

October 16, 2000

Audit Number: 00015

San Francisco Airport Commission
San Francisco International Airport
San Francisco, CA 94128

President and Members:

The Controller's Audits Division presents its report concerning the audit of Cathay Pacific Airways Limited (Cathay Airways). Cathay Airways operates under an operating permit with the Airport Commission of the City and County of San Francisco to use the landing field facilities at the San Francisco International Airport for its air transportation business.

Reporting Period: December 1, 1998 through June 30, 2000

Landing Fees Paid: $405,968

Results:

Cathay Airways correctly reported the number of aircraft landings and correctly paid its fees to the Airport Department.

Respectfully submitted,

NORIAKI HIRASUNA
Director

INTRODUCTION

Cathay Pacific Airways Limited (Cathay Airways) operates under an operating permit with the Airport Commission (Commission) of the City and County of San Francisco to use the landing field facilities at the San Francisco International Airport (SFO) for its air transportation business. Cathay Airways entered into this agreement on November 24, 1998. The agreement continues in force unless revoked or terminated by either party. The agreement requires Cathay Airways to submit to the Airport Department (Airport) a monthly report showing its actual revenue aircraft landings by type of aircraft and other landing data necessary to calculate the landing fees.

The Airport charges Cathay Airways a landing fee based on the maximum landing weight of aircraft making revenue landings at the SFO. For every 1,000 pounds of aircraft landed, the Commission sets a fee that it may change annually. For the period we reviewed, the Commission set a fee of $1.465 for fiscal year 1998-99 and $1.848 for fiscal year 1999-00.

SCOPE AND METHODOLOGY

The purpose of this audit was to determine if Cathay Airways complied with the reporting and payment provisions of its agreement with the Commission. To conduct the audit, we reviewed the applicable terms of the agreement and the adequacy of Cathay Airways' procedures for recording, summarizing, and reporting revenue aircraft landings. We tested on a sample basis whether Cathay Airways accurately reported its revenue aircraft landings and the maximum landing weights of aircraft landed at SFO.

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AUDIT RESULTS

CATHAY AIRWAYS CORRECTLY REPORTED ITS AIRCRAFT LANDINGS AND CORRECTLY PAID ITS FEES

From December 1, 1998 through June 30, 2000, Cathay Airways correctly reported 567 revenue aircraft landings and correctly paid $405,968 in landing fees to the Airport. The table below shows Cathay Airways' reported total revenue aircraft landings and landing fees paid to the Airport.

Revenue Aircraft Landings and Fees Paid
December 1, 1998 through June 30, 2000

	Number of Landings	Landing Fees Paid
December 1, 1998 through June 30, 1999	200	$122,474
July 1, 1999 through June 30, 2000	367	283,494
Total	567	$405,968

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Ben Carlick, Audit Manager
Ann Foley

cc: Mayor
Board of Supervisors
Civil Grand Jury
Public Library

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
AUDITS DIVISION

Edward Harrington
Controller

Matthew H. Hymel
Chief Assistant Controller

October 16, 2000

Terry Gwiazdowski, Program Director
Government Information Center
San Francisco Public Library
San Francisco, CA 94102

Dear Ms. Gwiazdowski:

Enclosed is our report concerning the concession audit of Cathay Pacific Airways Limited (Cathay Pacific). The report indicates that Cathay Pacific correctly reported its landings and correctly paid the Airport $405,968 in landing fees during the audit period.

Sincerely,

NORIAKI HIRASUNA
Director

Enclosure

15-554-7647 City Hall • 1 Dr. Carlton B. Goodlett Place • Room 388 • San Francisco CA 94102-4694 FAX 415-554-7664